

CONTRACT #1
RFS # 318.99-999

**Department of Finance &
Administration / Bureau of
TennCare**

VENDOR:
Express Scripts, Inc.



RECEIVED

JUN 17 2005

FISCAL REVIEW

STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF HEALTH PLANNING
312 Eighth Avenue North
Suite 1200 William R. Snodgrass Building
Nashville, Tennessee 37243-0287
Phone (615) 253-2861 Fax (615) 532-6950

DAVE GOETZ
COMMISSIONER

LAURIE LEE
DIRECTOR

MEMORANDUM

TO: Dave Goetz
FROM: Laurie Lee
DATE: June 16, 2005
RE: Contract Start Date

This is to request a start date for the Express Scripts, Inc. contract in advance of 60 days after receipt of the non-competitive contract request.

This contract is for implementation of pharmacy assistance authorized by the Safety Net legislation passed in the General Assembly on May 28th, 2005. This contract will help those disenrolled with gaining access to free and state-sponsored pharmacy assistance. As the first of those disenrolled may be coming off of TennCare as early as July 9, speed of implementation is critical.

In order for the state to have in place a pharmacy solution to assist those disenrolled as soon as possible following termination from the TennCare program, we seek to secure a contract and start program implementation immediately following contract signature.

REQUEST: NON-COMPETITIVE CONTRACT

APPROVED

Commissioner of Finance & Administration

Date:

Each of the request items below indicates specific information that must be individually detailed or addressed as required. A REQUEST CAN NOT BE CONSIDERED IF INFORMATION PROVIDED IS INCOMPLETE, NON-RESPONSIVE, OR DOES NOT CLEARLY ADDRESS EACH OF THE REQUIREMENTS INDIVIDUALLY AS REQUIRED.

RFS#

318.99-999 /s/ MDG/rb

STATE AGENCY NAME :

Finance and Administration

SERVICE CAPTION :

Pharmacy Benefit /s/ MDG/rb

PROPOSED CONTRACTOR :

Express Scripts, Inc.

CONTRACT START DATE :

(If date is < 60 days after F&A receipt, attach required explanation)

July 5, 2005

LATEST POSSIBLE END DATE :

(Including ALL options to extend)

December 31, 2006

TOTAL MAXIMUM COST :

(Including ALL options to extend)

\$57,000,000 total. Of that amount it is estimated that approximately \$46,000,000 will be for pharmacy assistance disbursements to disenrollees. \$11,000,000 will be for pharmacy benefit management, coordination, call center assistance, distribution of pharmacy program information and support to local agencies and disenrollees.

APPROVAL CRITERIA :

(select one)



use of Non-Competitive Negotiation is in the best interest of the state



only one uniquely qualified service provider able to provide the service

ADDITIONAL REQUIRED REQUEST DETAILS BELOW (address each item immediately following the requirement text)

(1) description of service to be acquired :

Starting the first week in June, TennCare will be disenrolling a portion of their population. By leveraging a fixed amount of state funds and external available funds/programs the goal is to provide these patients as comprehensive a pharmacy benefit as possible. The contracted services are for an integrated pharmacy assistance program with the following components: a base discount card feature, coordinated access to discounted or free generics and brand drugs plus management of additional assistance for payment of drugs for the low-income Medicare-eligibles and severely and persistently mentally ill (SPMI) and pharmaceutical coordination services for the SPMI. The contractor will be administering approximately \$38M worth of prescription drugs for the SPMI and \$8 million for the Medicare dual-eligibles. In addition, the contractor will facilitate access to millions of dollars of free drugs to disenrollees. The program must 1) maximize the pharmacy benefit to the individual using available public and private resources, 2) be easy to understand by the individual and 3) be implemented quickly. The specific program components include the following:

For All Disenrollees:

- Discount Card. All disenrollees should receive, at minimum, a discount card. This card should offer multiple prescription channels

(retail network, mail service) to afford patients the lowest possible cost for obtaining their prescriptions.

- Aid with Manufacturer-sponsored Patient Assistance Programs (PAPs). All disenrollees would receive information to assist them in obtaining manufacturer-sponsored pharmaceutical assistance. All disenrollees will receive application forms for the manufacturer-sponsored PAPs that correspond with their conditions and medication history. These forms will be pre-populated with information about the disenrollee to assist them in obtaining this assistance.

- Discounted Generics. All disenrollees would receive access to discounted generics through a generic PAP.

For Dual eligibles:

- The dual-eligible subset should be able to enroll in a Medicare-approved Prescription Drug Discount Card and utilize the transitional assistance funds available from the Medicare Prescription Drug Discount Card and Transitional Assistance Program. Those that the state knows qualify for transitional assistance will provide the program with information to facilitate autoenrollment. The state will assist the low-income dual eligibles (those that have incomes <135% of the federal poverty limit) in offsetting payment for a finite amount of generic drugs. The program would coordinate the CMS transitional assistance benefit with an additional assistance from the state. Other Medicare-eligibles who do not qualify for transitional assistance should have the same abilities to have a Medicare discount card, access to the PAPs and access to the generic discount program.

For the SPMI population:

- The SPMI will have additional assistance for purchase of their prescription drugs. The contractor will manage these funds per enrollee so that the free pharmaceutical assistance is leveraged. The contractor will also provide additional pharmacy coordination for the SPMI. These services include: In-bound call center support to assist patients and Community Mental Health Agencies (CMHAs) in enrolling in Patient Assistance Programs, program information to disenrollees and CMHAs, training for CMHA community coordinators in assistance protocol and management reporting on enrollment utilization to state designees.

(2) explanation of the need for or requirement placed on the procuring agency to acquire the service :

Starting the first week in June, TennCare will be disenrolling a portion of their population. Senate Bill No. 2300, amending TCA Title 71, Chapter 5, Part 1, authorizes the establishment of programs and services to expand and augment the health care safety net, including prescription drug assistance. By leveraging a fixed amount of state funds and external available funds/programs, the goal of this program is to provide those disenrolled as comprehensive a pharmacy benefit as possible.

(3) explanation of whether the service was ever bought by the procuring agency in the past, and if so, what method was used to acquire it :

No.

**(4) name and address of the proposed contractor's principal owner(s) :
(not required if proposed contractor is a state education institution)**

Express Scripts, Inc.

13900 Riverport Drive

Maryland Heights, MO 63043

(5) evidence that the proposed contractor has experience in providing the service and evidence of the length of time the contractor has provided service :

Express Scripts has been providing services for pharmacy specialty distribution, indigent patient assistance and discount card services since 1997. They currently have 33% of the market share for patient assistance programs.

Express Scripts partners with 15 pharmaceutical manufacturers and assists more than 1.5 million low-income patients with their pharmaceutical needs. The company has the experience in enrollment/eligibility, product distribution, call center and management reporting required to operationalize an integrated assistance program. Their enrollment/eligibility system is automated and flexible. Express Scripts Specialty Distribution Services is both a licensed pharmacy and wholesale distributor and can support a variety of distribution models. They also manage a variety of retail card and discount card programs. Express Scripts operates Call Centers in 7 locations across the country to provide support to patients and partner organizations. Express Scripts has experience providing tailored management reporting of their various assistance programs based on their customer's design.

The division of Express Scripts devoted to patient access and specialty distribution services for the manufacturers has over 600 employees.

(6) documentation of OIR endorsement of the Non-Competitive procurement request :
(required only if the subject service involves information technology)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

(7) documentation of Department of Personnel endorsement of the Non-Competitive procurement request :
(required only if the subject service involves training for state employees)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

(8) description of procuring agency efforts to identify reasonable, competitive, procurement alternatives rather than to use non-competitive negotiation :

Prior to proceeding with a non-competitive negotiation process the department researched several companies that had many of the desired program components in place. We initiated a request for information by phone to determine capabilities and interest in proceeding with a competitive procurement. Express Scripts indicated an interest in responding.

The department then evaluated both a competitive negotiation process and alternative procurement process. Due to the severe time constraints to implement a complex solution and the lack of interested companies with the experience required to support the program requirements we determined a non-competitive negotiation to be the most efficacious solution.

(9) justification of why the state should acquire the service through Non-Competitive Negotiation rather than through a competitive process :
(Being the "only known" or "best" service provider to perform the service as desired will not be deemed adequate justification.)

A non-competitive negotiation offers the best option for two reasons: It results in the most expeditious way to provide the disenrollees access to pharmacy assistance and it optimizes the benefit to the state and the recipient of the service through a solution that coordinates and leverages access to free, donated generic and brand drugs.

Speed of implementation

Time is of the essence if we are to provide those disenrolled with pharmacy assistance as soon after disenrollment as possible, preserving as much continuity of therapy as possible. The General Assembly passed the TennCare safety net legislation authorizing appropriation of funds for the pharmacy assistance requested in this contract on May 28th. TennCare disenrollment started one week later, on June 6th. In order for the state to have in place a pharmacy solution to assist those disenrolled, we must secure a contract as quickly as possible. It is estimated to take at least 7 weeks from start of project to have the program rolled out to those disenrolled. A full RFP process would take almost as long just to receive bids. Using this process we can have a program in place by the time we would be evaluating proposals resulting from an RFP.

The selected contractor, Express Scripts, has the ability to offer all components of the program and have them operational quickly: pharmacy discount card, Medicare-approved drug discount card in Tennessee, generic patient assistance program, coordination with manufacturer-sponsored patient assistance programs, call center support, and training capability. In addition, they have the demonstrated ability to coordinate components of the program and provide management reporting capability of utilization and cost metrics of those receiving the assistance. This last capability will enable us to have the most accountability for the program.


Leverages access to additional, donated assistance

Critical to delivering the greatest assistance to those disenrolled is accessing the pharmacy assistance programs sponsored by the drug manufacturers and providing the support to increase likelihood of the population availing those resources. Because Express Scripts manages 15 of the pharmacy assistance programs for the manufacturers and provides a generics assistance program, they are uniquely qualified to provide this service. Express Scripts estimates that, based on their experience, each individual who accesses the patient assistance programs receives an average of \$700/year of donated prescription drugs. If only 50% of the 190,000 disenrolled population secured pharmaceutical assistance through this program the additional value to the disenrolled population is \$68,500,000 worth of pharmaceuticals. A program that has the greatest success of assisting those disenrolled with accessing the donated pharmaceuticals magnifies the benefit to this population in a real and substantial way.

Selecting this vendor to provide an integrated pharmacy assistance program accomplishes four goals: it optimizes the funds appropriated for this purpose, reduces the confusion to the recipient of the assistance, increases the likelihood of successful implementation and provides a single locus of accountability for the program. Because Express Scripts has all of the required components in place to offer an integrated pharmacy assistance program, has experience in providing these services and a demonstrated capacity to ramp up quickly, they are best able to provide the desired solution.

AGENCY HEAD REQUEST SIGNATURE:

(must be signed by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR — signature by an authorized signatory will be accepted only in documented exigent circumstances)

A handwritten signature in black ink, appearing to read "M. J. Gentry II", is written over a horizontal line within a rectangular box.

SIGNATURE DATE: